



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

March 18, 2004

Mert Hamilton
Rocanville Stone
P.O. Box 35
Delta, Utah 84624

Subject: Changing Cash Reclamation Surety to a Certificate of Deposit, Rocanville Stone, Tejon Quarries, M/027/087, Millard County, Utah

Dear Mr. Hamilton:

We have now received the \$15,720 check from the State Treasurers office which was posted as a cash reclamation surety bond for your Tejon Quarries mine site. We are prepared to deposit the check into your account at Wells Fargo Bank; this deposit should be in place by early next week. You stated you would add an additional \$7,875 to this amount, then made a CD for the amount of \$23,595.

Enclosed is a CD cover letter which you need to sign and then take this cover letter to your bank and have them issue the \$23,595 CD listing you as the owner of the CD, but for the benefit of the State of Utah, Division of Oil, Gas and Mining and the USDOL, Bureau of Land Management, Tejon Quarries Mine, M/027/087. I have enclosed a sample certificate that was made out by Wells Fargo Bank as a guideline for the bank to make out the certificate.

When the CD is completed, have the bank place the CD number on the 1st page of the cover letter, then return the original CD and original cover letter to us. We will then have the other signatures affixed and return a copy of the executed documents to you for your records.

Thank you for your help and patience in all this. It turned into quite an ordeal for all of us. If you have any further questions on this, please contact me at (801) 538-5291.

Sincerely,

Joelle Burns
Engineering Tech

Enclosure CD cover letter & example CD

cc: Sheri Wysong, BLM, Fillmore FO

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DEPARTMENT OF NATURAL RESOURCES

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Division Director

March 18, 2004

Wells Fargo Bank
225 West Main
Delta, Utah 84624
(435) 864-3996

Attention: David Wilson, Business Banker

Subject: Reclamation Surety, Certificate of Deposit for Rocanville Stone's Tejon Quarries Mine Site,
M/027/087, Millard County, Utah
Certificate of Deposit no. _____; Principal Amount \$23,595.00

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Tejon Quarries mine site ("Mine Site"), Millard County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$23,595.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) and the USDO, Bureau of Land Management (BLM) upon demand in the event that the operator of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Rocanville Stone, a Utah corporation, ("Owner"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and USDO, BLM and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of USDO, BLM.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining, and the authorized officer of USDOl, BLM to the Bank. Upon the instruction and demand of the Director, and the authorized officer of USDOl, BLM, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners control, or if Owner does not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division and the authorized officer of USDOl, BLM may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of both the Director of the Division, and the authorized officer of USDOl, BLM to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$23,595.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining

Date: _____

Robert Lopez, Branch Chief of Minerals Adjudication
USDOl, Bureau of Land Management

Date: _____

Mert Hamilton, Agent
Rocanville Stone
Tax ID Number: _____

Date: _____

David Wilson, Business Banker
Wells Fargo Bank

Date: _____

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RECEIVED

FEB 26 2004

DIV. OF OIL, GAS & MINING

Time Account Receipt/Disclosure

WELLS
FARGO

m/001/

Bank name Wells Fargo Bank, N.A.		Date opened 02/26/2004		Term of Time Account 60 months days	
Time Account number		Interest rate 3.15	Fixed rate X	Variable rate	Annual percentage yield 3.20
Maturity date 02/26/2009		Your Time Account will mature on			
Interest will be paid		The method of interest payment will be			

EVERY 03 MONTHS AND AT WITHDRAWAL
The method of interest payment will be

BY ADDING TO PRINCIPAL
Renew ability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT
AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

SEVENTY FOUR THOUSAND NINE HUNDRED FORTY ONE AND 0/100

\$ 74,941.00

FOR THE BENEFIT OF THE STATE OF UTAH DIVISION OF OIL GAS & MINING
U.S DEPT OF INTERIOR -BLM & UT SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMIN- OWNER COMPANY-1

MINE M/001/

operator's address

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W60166

02/26/2004 10:14

U0176 02865 Bank# 00119

Time Account Receipt/Disclosure

WELLS
FARGO

Bank name Wells Fargo Bank, N.A.		Date opened 02/26/2004		Term of Time Account 60 months days	
Time Account number		Interest rate 3.15	Fixed rate X	Variable rate	Annual percentage yield 3.20
Maturity date 02/26/2009		Your Time Account will mature on			
Interest will be paid		The method of interest payment will be			

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02/26/2004 10:14

U0176 02865 Bank# 00119

RECON PLUS - Credit - Certificates In Process

COL: 119 UT

Wells Fargo Bank

APPROVER